



COMMONWEALTH of VIRGINIA

DEPARTMENT OF TRANSPORTATION

1401 EAST BROAD STREET
RICHMOND, VIRGINIA 23219-2000

GREGORY A. WHIRLEY
ACTING COMMISSIONER

July 21, 2005

To: All Urban Municipalities and Counties

Subject: Local Administration of Federally Funded Projects – Obligation of Funds

As you are aware, the State's transportation program has become increasingly reliant on federal funding. Federal funds are provided to the state each federal fiscal year (October 1st – September 30th) and must be obligated to projects within that year. This obligation authority does not carry over between federal fiscal years. If all available funds are not obligated to qualifying projects, the state loses the unobligated funds.

Each year, the Department develops a strategy to ensure that all available federal funds will be obligated. This strategy includes both VDOT and locally administered projects and is developed based on project estimates and schedules. Federal funds are obligated at the initiation of each project phase (PE, RW, CN). As the number of locally administered projects continues to increase, responsibility for meeting Virginia's federal obligation must also be shared with the local governments that are administering federally funded projects.

We are now in the fourth quarter of federal fiscal year 2005. It is imperative that projects scheduled for obligation by September 30 be kept on schedule to ensure that all available federal funding is utilized. If you find it necessary to adjust the schedule of a project in such a way that you will not be able to obligate the available federal funding, then you will be expected to provide an alternative project that is ready for obligation.

If you have questions regarding specific projects that are part of the federal strategy, please contact your local Department representative. If you'd like to discuss this issue in more detail, you can reach me at (804) 786-2745 or Ms. Diane Mitchell, Programming Division Director, at (804) 786-2741.

Sincerely,

Michael A. Estes, P.E.

Director

Local Assistance Division



BC: Barbara Reese
Diane Mitchell
Division Administrators
Urban Program Managers
Residency Administrators